

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7523**

**BILL NUMBER:** HB 1700

**NOTE PREPARED:** Jan 23, 2005

**BILL AMENDED:**

**SUBJECT:** Vanderburgh County innkeeper's tax.

**FIRST AUTHOR:** Rep. Avery

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**      **GENERAL**  
                                 **DEDICATED**  
                                 **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** The bill extends the distribution of a portion of the Vanderburgh County Innkeeper's Tax to the convention center operating fund until 2010. The bill provides that the amount of innkeeper's tax revenue deposited in the Tourism Capital Improvement Fund remains the amount generated by a 1.5% innkeeper's tax rate until 2010 (rather than until 2006). The bill reduces the amount of Vanderburgh County innkeeper's tax revenue deposited in the Convention Center Operating Fund from the amount generated by a 2% rate to the amount generated by a 1% rate. The bill establishes the LST-325 tourism fund. The bill deposits into this fund the amount of innkeeper's tax revenue generated by a 1% rate.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Summary:* The bill would change the distribution of the Vanderburgh County Innkeeper Tax after December 31, 2005. The bill does not authorize a rate increase. Currently, the Vanderburgh County Innkeeper's Tax is levied at a 6% rate. The bill would change one of the three existing funds in which revenue is currently received. Currently, the Convention Center Operating Fund (CCOF) receives county innkeeper's tax revenue equal to a 2% rate. Under the bill, the CCOF would be reduced to a 1% rate and the USS LST-325 Tourism Fund would be established and receive innkeeper's tax revenue equal to a 1% rate. The LST-325 Tourism Fund would expire on January 1, 2010. Current and proposed rates and shares for CY 2006 are described in the following table.

<b>Fund</b>	<b>Current CY 2005 Rate</b>	<b>Current CY 2006 Rate</b>	<b>Current CY 2006 Share of Revenue</b>	<b>Proposed CY 2006 Rate</b>	<b>Proposed CY 2006 Share of Revenue</b>
Convention and Visitor Promotion Fund	2.50%	2.50%	41.667%	2.50%	41.667%
Tourism Capital Improvement Fund	1.50%	3.50%	58.333%	1.50%	25.000%
Convention Center Operating Fund	2%	0%	0.000%	1%	16.667%
<b>USS LST-325 Ship Tourism Fund</b>	N/A	N/A	N/A	1%	16.667%
<b>TOTAL</b>	<b>6%</b>	<b>6%</b>	<b>100%</b>	<b>6%</b>	<b>100%</b>

*Background:* In FY 2004, Vanderburgh County Innkeeper's Tax revenue was \$2.03 M. A 1% rate would have collected approximately \$0.34 M in the same year.

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:** Vanderburgh County.

**Information Sources:** Vanderburgh County Treasurer.

**Fiscal Analyst:** Chris Baker, 317-232-9851.